



TOWN OF NANTUCKET FISCAL YEAR 2010 INITIAL BUDGET PROJECTION

August 13, 2008



2008-2009 BOS Goals

1. *Improve Administrative Management*
2. *Improve Fiscal Management*
3. *Develop Overall Waste Management Plan (Wastewater & Solid Waste)*
4. *Enhance Community Quality of Life*

Other Factors

- Massachusetts General Law
- Government Accounting Standards Board (“GASB”) Requirements
- Local Policies and Bylaws
- Moody’s (rating agency) observations regarding pressures on the AA3 rating

Nature of Projections - CHANGE

- Information that will be updated includes:
 - Salaries: when individual department budgets are prepared and when contracts are settled
 - Health insurance: when current experience and prices are known
 - Retirement: when assessment is received
 - 2009 tax information: when final in late September, including revenue from new growth, tax levy & rate
 - New requirements: when values are determined or new requirements become known.

Total Projected FY 10 Revenue & Expenditures – As of 08/13/08

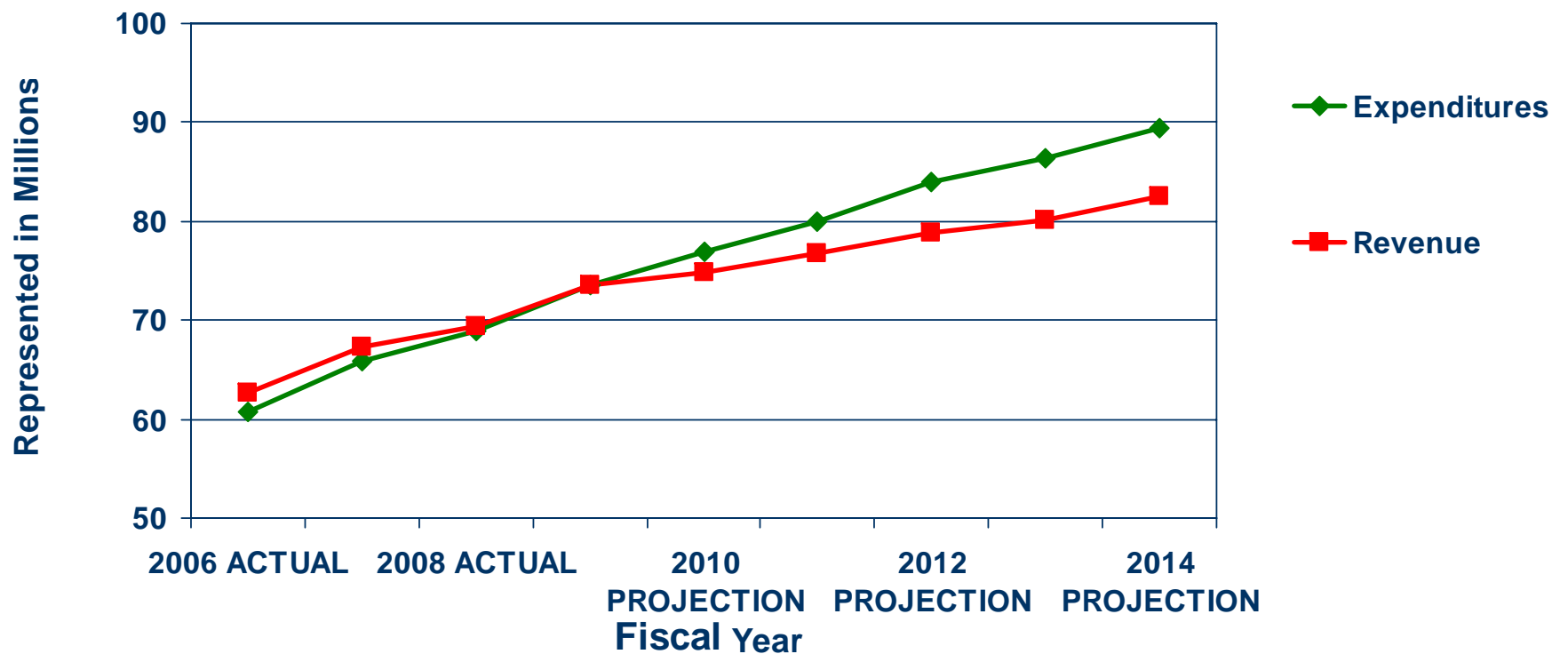
	2006	2007	2008*	2009**	2010**
	Actual / near final				
Total Revenue & other sources	62.7	67.3	69.4	73.6	74.8
Total Expenditures & other uses	60.8	65.9	68.9	73.6	77.0
Net	1.9	1.4	0.5	0.00	(2.2)

**Fiscal 2008 Actual un-audited and is considered a preliminary figure at this time. Fiscal 2008 Revenue deficit was covered through budgetary operating expense turn-backs.*

***Fiscal 2009 revenue is a projection until certified by the Department of Revenue. Fiscal 2010 is a preliminary projection.*

Revenue and Expenditure

FY2006 - FY2008 ACTUAL
FY2009 - FY2014 PROJECTIONS

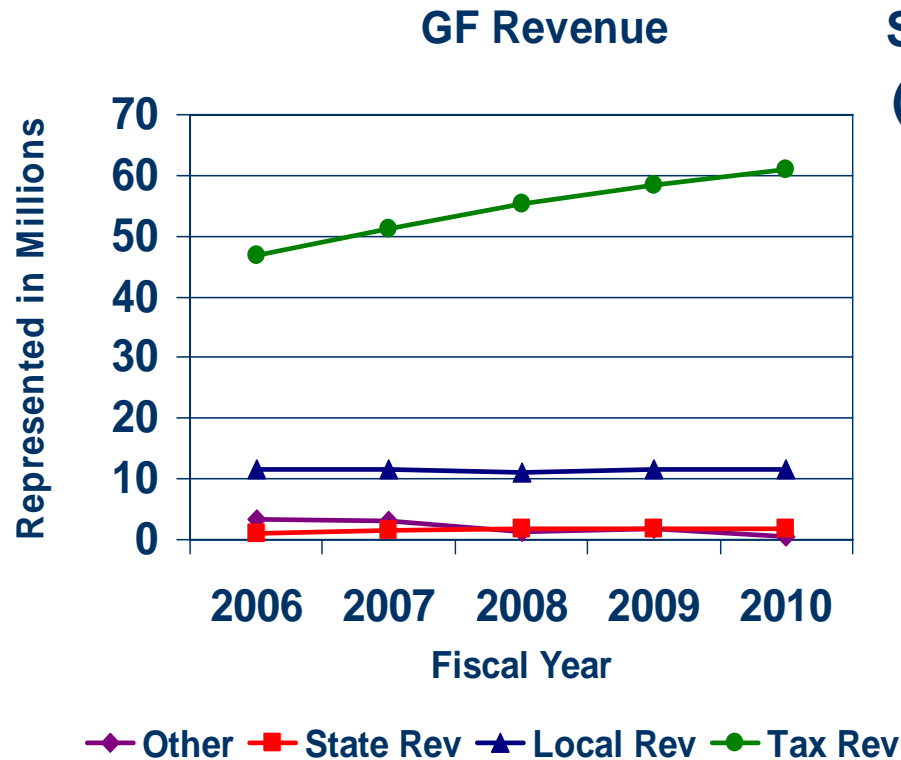


Total Revenue & Other Sources

	2006	2007	2008*	2009	2010
Tax revenue	46.8	51.2	55.3	58.3	61.0
Other local revenue	11.5	11.6	11.1	11.6	11.5
State revenue	1.1	1.5	1.8	1.8	1.9
Total other sources	3.3	3.0	1.2	1.9	0.4
Total	62.7	67.3	69.4	73.6	74.8

*County grant in the amount of \$3.3 million dollars for JPSF not included in local revenue figures.

FY10 Projected Total Revenue & Other Sources

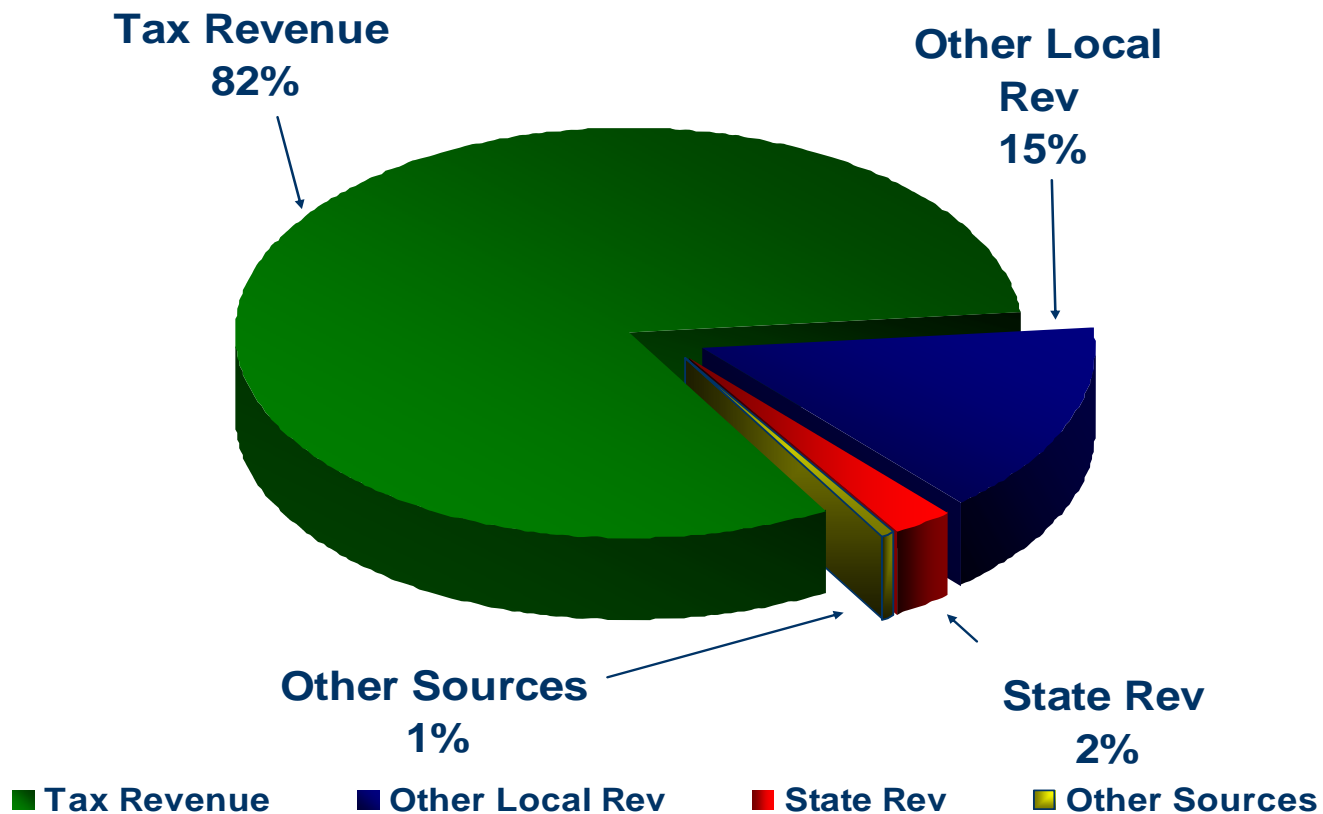


Significant Changes

(Avg. Annual Inc. / Dec. over 4yrs)

- New Growth decrease of 6.2%
- Local Revenue decrease of 13.0%
 - Licenses & Permits down by 23%
 - Building Permits down by 30%
 - Fees down by 5%
 - Filing Fees down by 14%
 - Rental Fees down by 9%

FY10 Projected Total Revenue & Other Sources

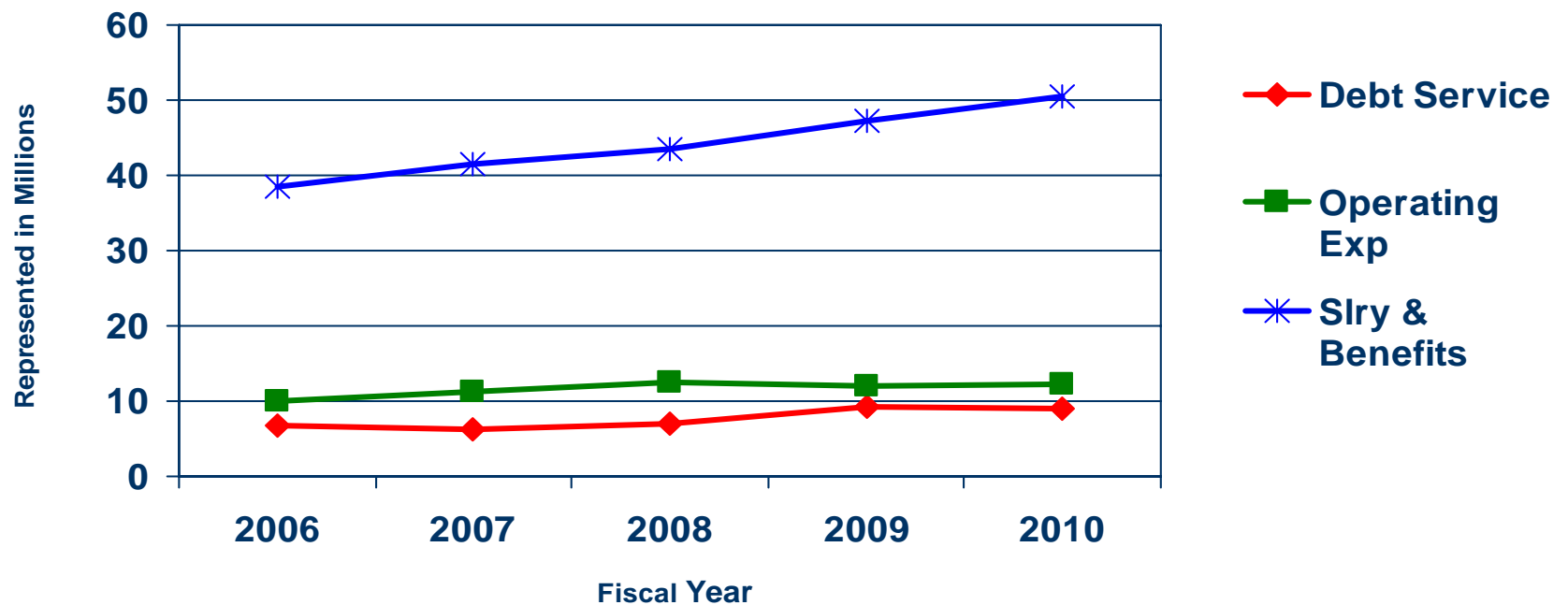


Total Expenditures from “Raise & Appropriate”

	2006	2007	2008	2009	2010
Article 8	55.2	58.9	63.1	68.5	71.6
Solid Waste	2.7	3.7	2.9	2.8	2.9
Assessments & other articles	1.5	1.7	1.8	1.9	1.9
Capital	1.4	1.6	1.1	0.4*	0.6
Total	60.8	65.9	68.9	73.6	77.0
*Fiscal 2009 Capital is supported by the release of excess overlay in the amount of \$364,200					

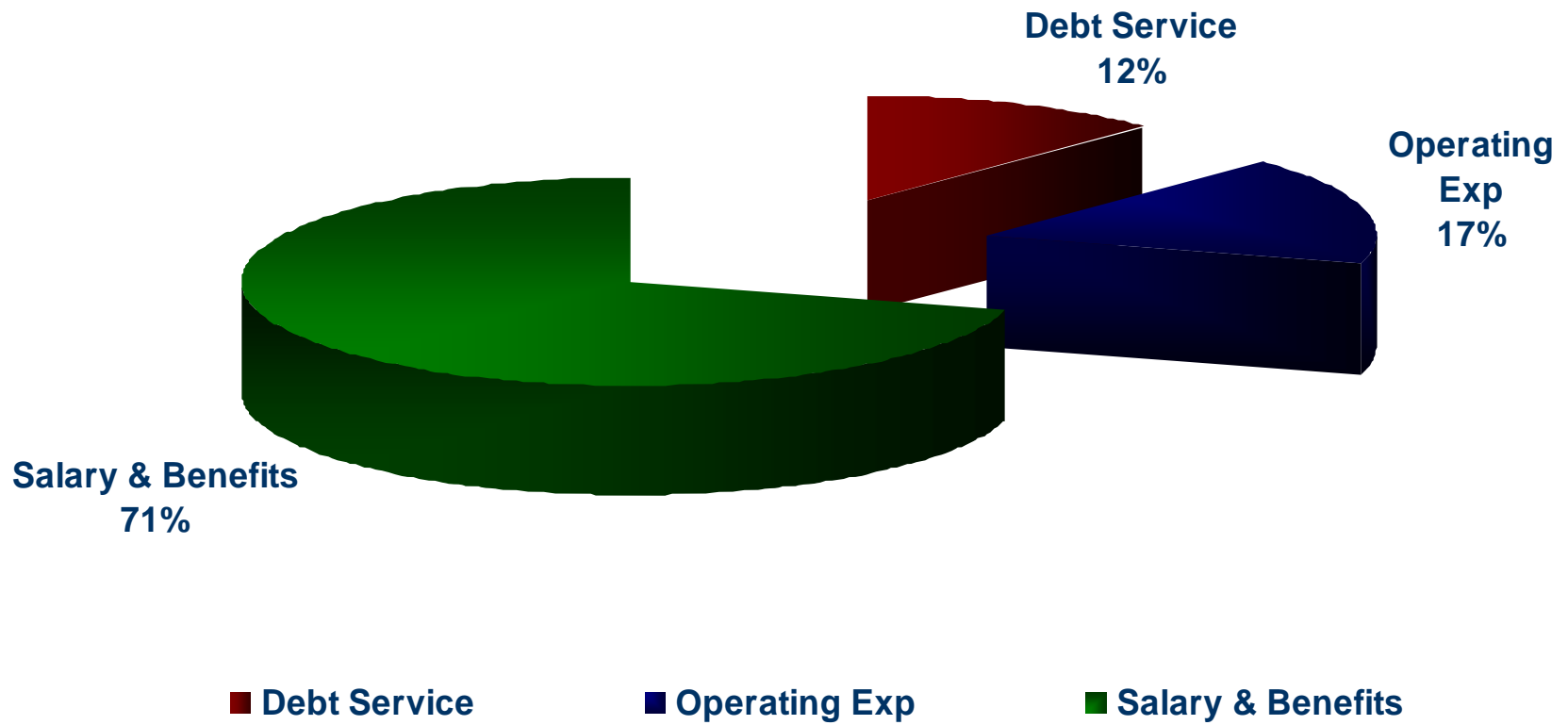
Article 8 Pro-Forma – History

Article 8 Pro-forma Totals



Average Annual Increase over 4 Yrs = 6.8%

Article 8 – FY10 Projection

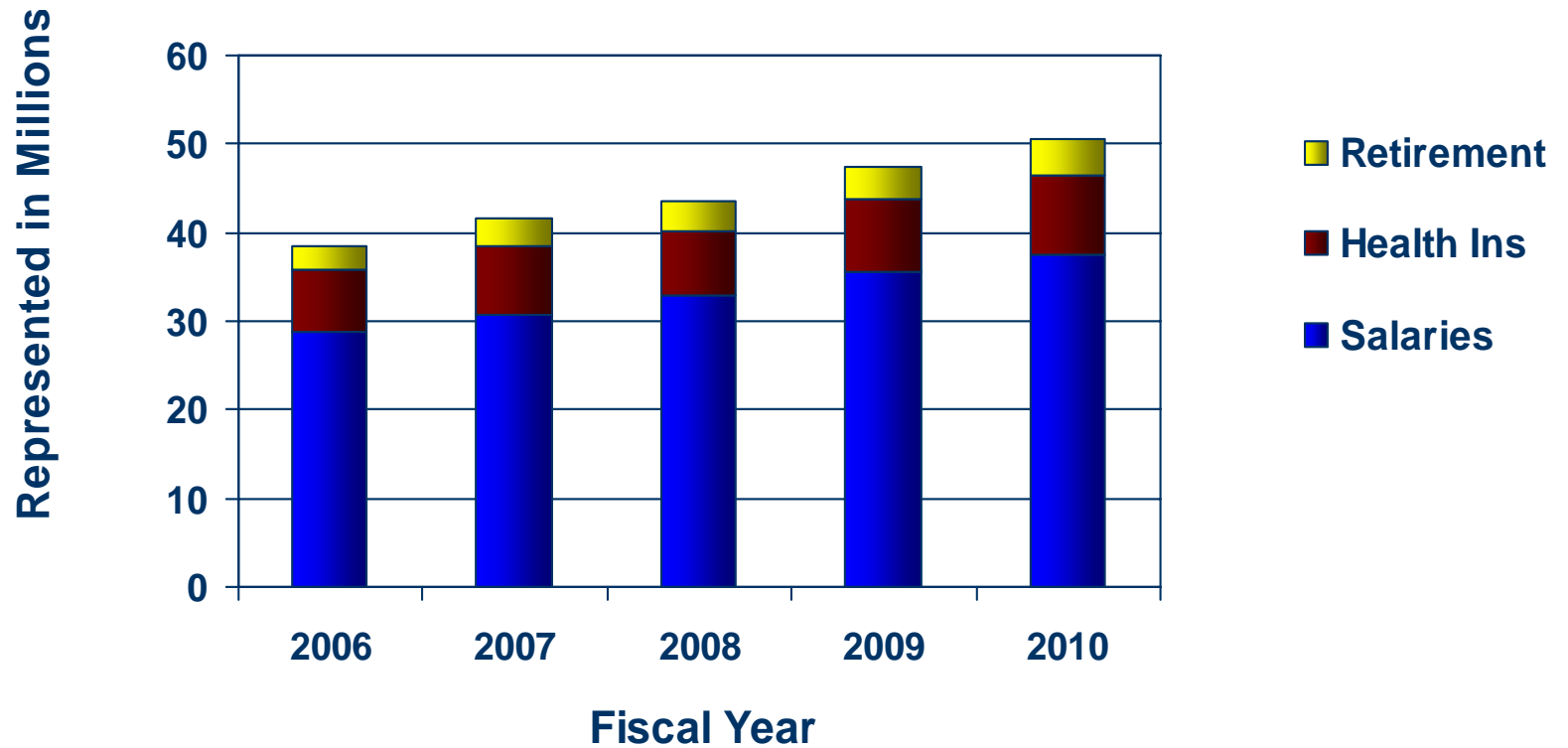


Salary & Benefits

	2006	2007	2008	2009	2010
Subtotal Salaries	28.7	30.8	32.8	35.6	37.6
Health Ins.	7.0	7.6	7.4	8.1	8.8
BCRP (ret)	2.8	3.1	3.4	3.6	4.1
Salary & Benefits Subtotal	38.5	41.5	43.6	47.3	50.5

Average annual increase over 4 years = 7.03%, includes new positions (except in 2010 projections) and some double digit increases BCRS retirement assessments in FY2007 & FY2008

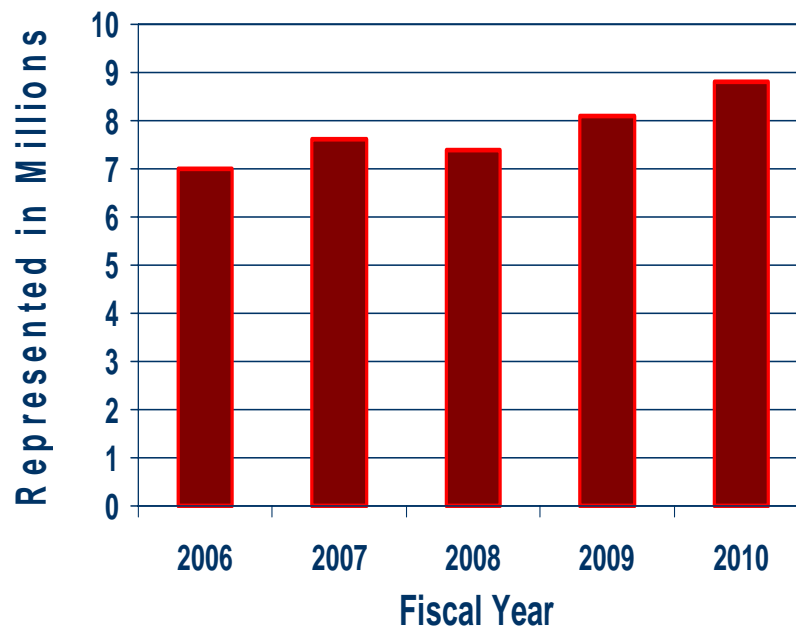
Salary & Benefits



Average Annual Increase over 4 Yrs = 7.03%

Health Insurance

General Fund Health Ins.

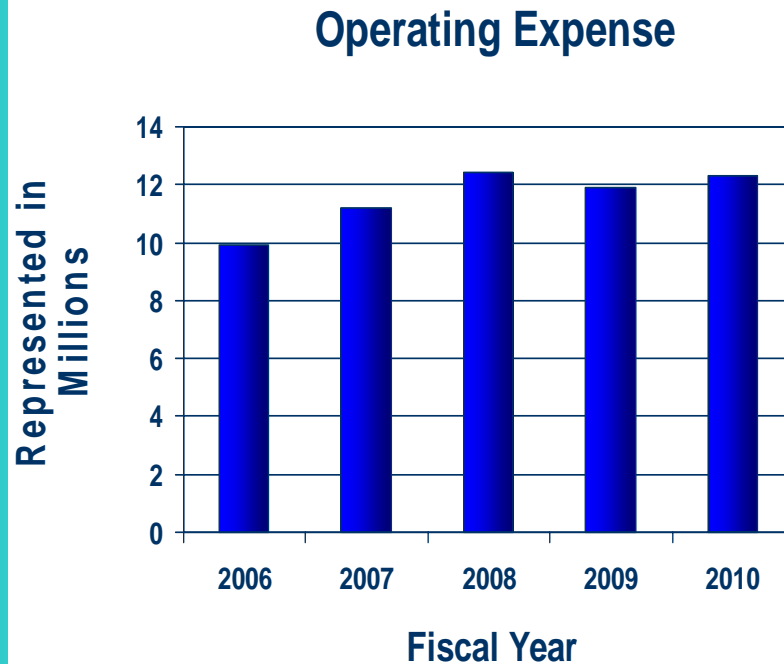


Significant Changes:

- Avg rate of Municipal Health Care cost growth of 13% a year*
- Town of Nantucket Average annual premium increase over 4 yrs = 6.0%
 - FY07 Overpayment due to error on vendor part; Refunded in FY08
 - Claims are lower than expectations due to switch to PPO in FY07

* Source: MMA MTF report: "A Mounting Crisis for Local Budgets: The Crippling Effects of Soaring Municipal Health Costs". Retrieved from http://www.mma.org/index.php?option=com_content&task=view&id=30&Itemid=91 on August 6, 2008.

Operating Expense



Significant Changes

(Avg. Annual Increase over 4yrs)

– Purchase of Services

- Utilities Exp. Increase 24%
- Legal Services Increase 22%
- Professional Svcs Increase up 21%

– Supplies

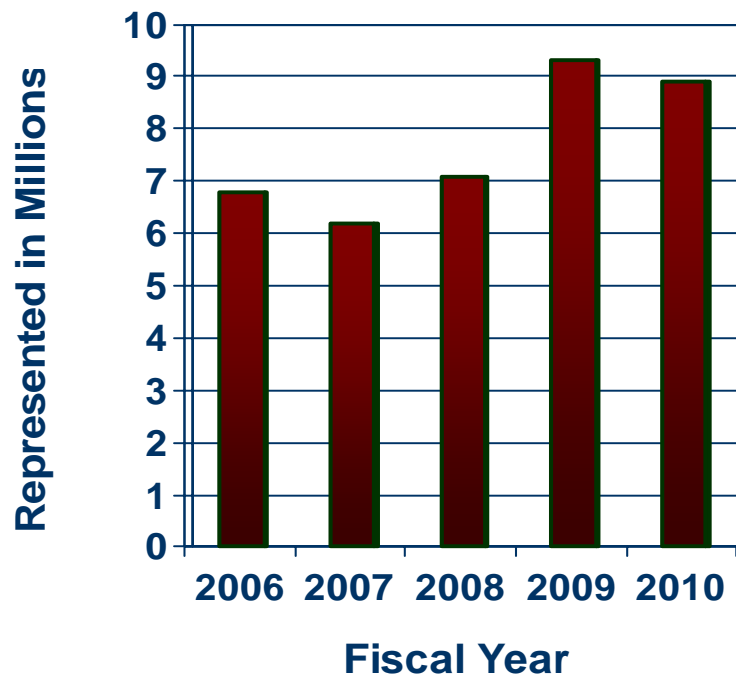
- Gas & Diesel Exp. Increase 21%
- Office Supplies Increase 12%

– Other Charges & Expense

- General Insurance Increase 47%

Average Annual Increase over 4 Yrs = 5.6%

Debt Service Expenditures



Significant Changes

- Fiscal 2009 Capital from ATM 2007 Article 10 in the amount of \$4,375,600
- Development of new playing fields
- Town & School building improvements
- Bike path's
- Bulk Fuel Study

Average Annual Increase over 4 Yrs = 8.6%

Solid Waste Enterprise Fund Funding from General Fund

	2008	2009	2010
Override Votes 1999 & 2006	2,586,588	2,586,588	2,586,588
FY08 – End of Year Transfers	0	0	0
FY08 – Reserve Fund Transfer	220,000	0	0
FY08 - 5.0% Increase	129,412	129,412	129,412
FY09 - 2.5% Increase	0	68,000	68,000
FY10 - 2.5% Increase	0	0	70,000
Projection	2,936,000	2,784,000	2,854,000

Next Steps

August – December

- BOS to set budget guidelines for FY10 Town Budget.
- School Committee to set budget guidelines for FY10 School budget.
Note: In order to achieve a balanced projection, the Total Municipal Budget will need to be cut by \$2,234,894
- Negotiations for expired union contracts with BOS and School Committee approval
- Further review of FY 10 budget projections at public meetings
- Departmental and school budgets prepared and submitted per budget calendar and instructions

December

- Town Administration recommends budget
- BOS reviews and recommends budget

January – April

- Fin Com reviews and recommends budget to 2009 Annual Town Meeting

Conclusion of Presentation

